



# Learning, results and the role of evaluation

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## Relevant reports: or follow the trail



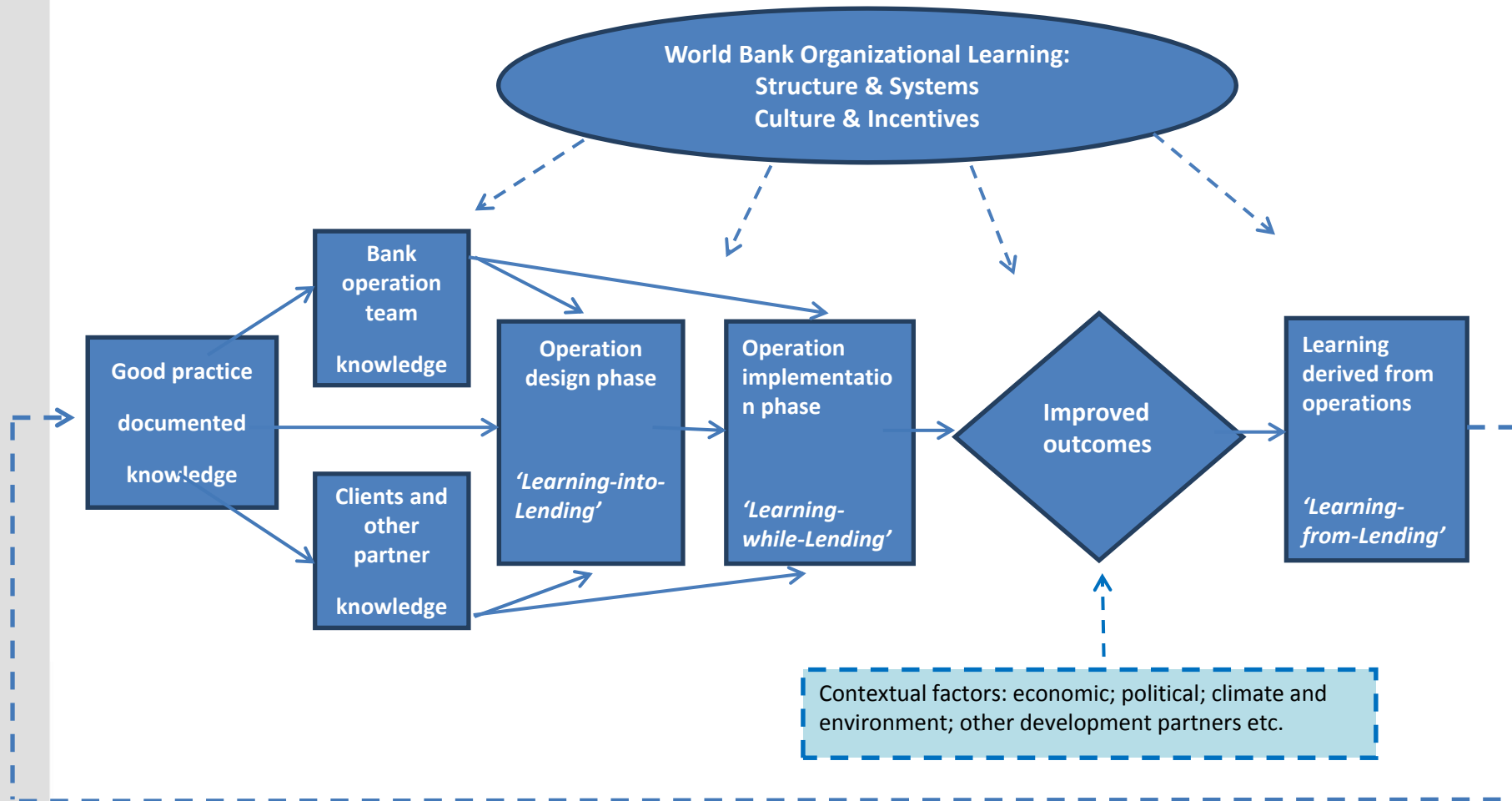
- ▶ *Can we demonstrate the difference that Norwegian aid makes?*, Norad 2014 (CMI/ITAD), <http://www.norad.no/en/evaluation>
- ▶ *Learning and Results in World Bank Operations – Phase I*, IEG 2014 (John Heath and Soniya Carvalho), <http://ieg.worldbankgroup.org/evaluations>
- ▶ *Who Cares About Development Outcomes? Market Failures and the Role of the Evaluation Function* (Marie Gaarder and Ulrich Bartsch) (forthcoming, Journal of Development Effectiveness, Volume 6, no. 4)

# Learning in WB operations: Evaluation Context



- ▶ The World Bank's 'new' President Jim Kim is undertaking a major restructuring
  - Bank lending (IBRD/IDA) < 1% of GDP in developing countries
  - Decline of overall portfolio performance
  - Purpose is to become a *solutions bank* – Global Practices launched July 1, 2014
- ▶ 4 major organizational restructuring ('72, '87, '97, 2014) all with the aim of becoming more effective at deploying knowledge
- ▶ The evaluation of the state of learning in the Bank requested by the President
- ▶ The WB's Independent Evaluation Group (IEG) agreed to carrying out the evaluation with a few innovations to its usual procedures
  - Evaluation in phases to ensure the flow of real time finding that can feed into the Bank's ongoing reform efforts
  - No recommendations in the first phase
  - Close collaboration with Bank Management without compromising independence

# From knowledge to improved development outcomes: a stylized learning model



## Challenges and limitations of the evaluation



- ▶ How do you evaluate and measure ‘learning’?
- ▶ The evaluation concentrates on IBRD/IDA investment loans (excludes IFC, MIGA, and DPOs)
- ▶ No separate assessment of the Bank’s dedicated learning Departments (DEC, WBI, IEG etc)
- ▶ First phase concentrates on *intra-project* learning. Next phase (ongoing) looks at *inter-project* learning.
- ▶ First phase does not assess the *country clients’ views* concerning how effective the Bank is at learning from its lending operations, nor the direct association between *learning and development outcomes*. These are the focus of phase II

## Methods



- ▶ Literature review: academic literature, management literature, WB documents and strategies that pertain to learning
- ▶ Consultations
- ▶ IEG survey of staff (1,239 responses); existing surveys
- ▶ Interviews and focus groups with project Team Leaders and Directors
- ▶ Information from HR on rating of all staff on Learning and Knowledge Sharing in the annual performance evaluation
- ▶ Project document review:
  - 134 closed projects
  - Project proposals approved in FY13
  - Project evaluations and validations

## Finding 1: Knowledge exploitation, knowledge exploration



- ▶ Both are important but with limited time available the balance may be wrong
  - Lending pressure leaves little time for experimentation with innovative approaches (70% of respondents agreed that the lending pressure crowds out learning)
  - When asked to select the three actions which they thought most likely to encourage learning in the Bank's lending operations, the highest percentage of staff chose allotting sufficient time for learning in the work program agreement (66%)
  - Access to the knowledge needed for lending is hampered by the shortcomings of the Bank's information technology and systems for capturing, storing and collating knowledge.

## Finding 2: Limited documentation, limited use of knowledge products



- ▶ There is relatively poor documentation of ongoing learning
  - Not trivial finding given the high staff turnover in positions
  - Even when documentation exists it is often not correctly archived
- ▶ Use of internal knowledge products varies
  - The Bank's economic and sector work used the most – over 60%
  - The Bank's research (DEC) and IEG's evaluations used to a lesser extent – 15% and 22%, respectively
- ▶ Knowledge produced outside the Bank is used less than internally produced knowledge
  - Only 36% of the project documents referred to external sources

*The Bank remains strongly inward-oriented and insular in its knowledge activities...* (Harvard case study)



## Finding 3: The interpersonal dimension



- ▶ Bank staff perceives that interpersonal exchanges are the most important source of learning and knowledge sharing, in *conversations* (83%) or through *learning-by-doing* (87%)
- ▶ *Mentoring* and *coaching* considered among the most important avenues for learning (56%), but opportunities are limited
- ▶ Sharing of expertise across regions is a potentially important source of learning and knowledge sharing, however incentives have not been sufficiently conducive to this
- ▶ Individuals and team composition key to project success
- ▶ Staff rotation may undercut team integrity and knowledge flow, especially in the absence of proper handover procedures

## Finding 4: Incentives, leadership, organizational culture



- ▶ Staff perceive the Bank to be an institution committed to learning and knowledge sharing
- ▶ The Bank has made sustained investment in training and learning events, and this is aligned to staff's perceived needs
- ▶ Quality assurance procedures are considered important sources of learning among the leadership, but less so among teams
- ▶ Incentives for learning and knowledge sharing not always present
- ▶ The leadership does not give clear and consistent signals on the importance of learning and knowledge sharing

# Conclusions for the Bank



- ▶ Improvements to documentation and databases are important, but....
- ▶ Strengthening the possibility for interpersonal learning even more so
- ▶ Strengthen the incentives or rewards for learning and knowledge sharing
- ▶ Concrete and consistent signals from the leadership on the importance of learning and knowledge sharing can bring rich pay-offs

## Going forward...



▶ Entering the second phase of the evaluation where we want to investigate the link between learning and results on the ground we face three problems:

1. project attributable results are still relatively poorly documented...
2. learning less so.....
3. results attributable to learning.....

▶ Suggestions welcome!

▶ Next; possible explanation to problem 1, some suggested solutions, and the key role of the evaluation function



## Who cares about development outcomes?


- ▶ Development agencies usually have the stated objective to improve the welfare of populations in developing countries, as measured by certain development outcomes
- ▶ Additional objectives can include 'doing good', promoting national interests, and staying in the 'development' business
- ▶ However, the actual interactions between the development agency and the counterparts in the developing country relate to negotiations around the inputs and outputs
- ▶ *'the shoppers'* in the development market place care more about being seen shopping than about what ends up in the cart



## Why? “Outcome good’ subject to market imperfections

- ▶ Market failure in economic theory refers to a situation when the allocation of goods and services by a free market is not efficient, implying that a better overall allocation could exist
- ▶ Why outcome good subject to market imperfections:
  - The 'outcome good' that is the ultimate purpose of the engagement is not part of the market transaction. If it ensues, it can be treated as a positive *externality*
  - The interests, incentives, and actions of the development agency and the recipient country, respectively, are not perfectly known and observable to the other party – known as *principal-agent problem*
  - The extent to which these inputs and outputs will deliver the outcome good is *uncertain* as the evidence on effectiveness is still scarce and context specific

## Developing Solutions: Bringing Outcomes into the Contracts in the Development Business



- ▶ First piece: development outcomes form an integral part of the contracts in the development business
- ▶ Second piece: rethink the traditional model where the development agency is the principal – make development agencies accountable for delivering outcomes
- ▶ Third piece: market-based contracting
- ▶ Fourth piece: risk sharing

# The evaluation function: Role in creating a market for development outcomes



- ▶ The *internal* and the *independent* evaluation functions:
  - Internal: focuses on strengthening the agencies' internal ability to demonstrate the effects of aid by building evaluation capacity and evaluation frameworks into individual projects.
  - Independent: focuses mainly on reporting objectively and ex post on the achievement of development outcomes and the agencies' ability to produce these efficiently
- ▶ Help strengthen m&e capacity (internal)
- ▶ The independent evaluation function could be the arbitrator of the M&E system and the validity of what it produces
- ▶ Provide evidence of how much obtaining certain development outcomes should cost (calibrate ex ante the payments for the expected outcomes)



# Supporting behaviors and processes conducive to development outcomes



## Ex-post incentives:

- ▶ Individual project level evaluations/validations (post mortems), e.g. WB, IDB
  - Aggregated into Corporate Scorecard (WB)
  - Ratings relate to 6-10 year old performance – ineffective as incentive
  - Possible solution? *Skillfinder* linked to previous project ratings
  
- ▶ Large-scale evaluations (sector, country etc)
  - Formal management response, MAR system (WB, IEG)
  - Influence on improvements in a sector/thematic area? Yet to be evaluated
  - Influence as ex-ante incentive/threat on project design and implementation effort? Yet to be evaluated

# Supporting behaviors and processes conducive to development outcomes cont.



## Ex-ante incentives:

- ▶ In order to know project's contribution to achieving development outcomes we need to ensure their ***evaluability***:  
*'operations that feature the characteristics needed for results to be measured, as well as the understanding of the main factors affecting the process by which they are generated.'* (IDB)
  - Both the **Inter-American Development Bank** and the **UK Department for International Development** have recently introduced evaluability as a criterion for project approval.
  - In Mexico, annual evaluation program a ***prerequisite for inclusion in the national budget***
- ▶ Evaluation of evaluability (Norad)

## Final thoughts

- ▶ Can we place development outcomes into the shelves of the development shopping mall?
- ▶ Ultimately, this will depend on whether the agencies involved in trading in development (the ‘shoppers’) care more about being seen shopping than about what ends up in their cart....

